

Message Text

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ACTION EB-06

INFO OCT-01 EA-06 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-01 H-01 INR-05 INT-05 L-01 LAB-01

NSAE-00 NSC-05 PA-01 RSC-01 AID-05 CIEP-01 SS-15

STR-01 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

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FM AMEMBASSY SEOUL

TO USEC BRUSSELS 079

INFO USMISSION GENEVA

SECSTATE WASHDC 6819

C O N F I D E N T I A L SEOUL 7416

FOR AMBASSADOR GREENWALD FROM MINISTER JURICH

E.O. 11652: GDS

TAGS: ETRD, GATT, EC

SUBJECT: TEXTILES: MFA

REF: BRUSSELS 8602; SEOUL 7415

1. AS INDICATED PARA 5 REFTTEL, WE CAN ASSURE YOU FROM EXTENSIVE CONCENTRATION ON THIS ISSUE DURING NEGOTIATIONS, MEYNELL'S POSITION IS CLEARLY OUTRAGEOUS. ACCORDINGLY, I URGE AMB GREENWALD TO MAKE EVERY EFFORT TO SEE SOAMES SOONEST THIS MATTER IN ORDER TO BACK OFF ISSUE BEFORE IT PRODUCT SERIOUS PUBLIC CONFRONTATION AFFECTING US VIEWS EC GOOD FAITH.

2. WE ALWAYS ASSUMED EC HAS VARIETY INTERNAL PROBLEMS WHICH GIVE RISE TO ISSUES OCCASIONALLY PLAGUING THEIR COUNTRIES BUT EC PURSUIT THIS LINE INTERPRETATION ART 4 RAISES QUESTION OF GOOD FAITH EC NEGOTIATORS, EC COMMISSION AND MEMBER STATES. US SIMPLY CANNOT ACCEPT ANY EQUIVOCATION ON THIS MATTER. WE CANNOT
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NEGOTIATE TO AVOID COFFRONTATION AND OUR DESIRE TO KEEP MATTER

FROM TSB SHOULD NOT BE MISREAD AS CONCERN ABOUT OUTCOME. RATHER, IT IS SIMPLY DESIRE CONFRONT MATTER QUICKLY AND DIRECTLY.

EXTENSIVE NEGOTIATING SESSIONS WITH COMMUNITY AND OTHERS MADE VERY CLEAR THAT TOTAL BASIS ACCEPTANCE PRESENT ART 4 WAS THAT US TYPE COMPREHENSIVE AGREEMENTS COULD BE CONTINUED. SELECTIVITY ISSUE WAS DISCUSSED AND IT WAS ESTABLISHED THAT AGREEMENTS COULD BE EITHER SELECTIVE OR COMPREHENSIVE. AT CRITICAL DEC. MEETING ON ART 4, SELECT NEGOTIATING GROUP, INCLUDING REPS OF COMMISSION AND MEMBER STATES, HEARD JURICH READ EXTENSIVE STATEMENT US INTERPRETATION ART 4 OF WHICH RELEVANT PORTIONS ARE QUOTE THE UNITED STATES HAS DEALT WITH PROBLEMS IN THE TEXTILE FIELD ALMOST ENTIRELY THROUGH THE MECHANISM OF BILATERAL ARRANGEMENTS. WE EXPECT TO CONTINUE TO DO SO. THEREFORE, ART 4 IS OF PARTICULAR INTEREST TO US. UNDER THIS ARTICLE, THE PARTICIPATING IMPORTING COUNTRIES SEEKING TO CONCLUDE BILATERAL ARRANGEMENTS UNDERTAKE TO FACILITATE THE EXPORT IN FULL OF THE LEVELS PROVIDED FOR UNDER SUCH BILATERALS AND TO SEE TO IT THAT, ON OVERALL TERMS, BILATERAL AGREEMENTS SHALL BE LESS RESTRICTIVE THAN MEASURES PROVIDED FOR UNDER THE SAFEGUARD PROVISIONS IN ART 3 THIS WILL BE DONE BY MUTUALLY SATISFACTORY PROVISIONS WITH RESPECT TO BASE LEVELS, GROWTH, INTERFIBER FLEXIBILITY, CARRYOVER, TRANSFERS FROM ONE PRODUCT GROUPING TO ANOTHER, AND SIMILAR ARRANGEMENTS WHICH THE TWO PARTNERS FIND SATISFACTORY.

IN THIS CONNECTION, WE SHOULD NOTE THAT THESE BILATERALS ARE NOT UNDERTAKEN SIMPLY FOR THE SAKE OF ESTABLISHING LEVELS OF TRADE. RATHER, WE ANTICIPATE THEY WILL BE DEVELOPED WHERE THE RISKS OF MARKET DISRUPTION ARE CLEAR AND WHERE THERE IS THE PROSPECT THAT IN THE ABSENCE OF AGREEMENT, THE DISRUPTIVE SITUATION WILL PROLIFERATE. IT IS IN SUCH CIRCUMSTANCES THAT BOTH TRADING PARTNERS INVOLVED BENEFIT FROM AN AGREEMENT ON THE PARAMETERS OF THE TRADE. SUCH AGREEMENTS SHOULD ENABLE THE PARTIES TO ASSURE THE CONTINUED EXPANSION OF TRADE IN A CLIMATE FREE OF THE HARMFUL EFFECTS OF DISRUPTION OF DOMESTIC MARKETS AND OF THE INTERFERENCE WITH COMMERCIAL ACTIVITIES INEVITABLE IN ANY SITUATION WHERE CONTINUED RESORT TO SAFEGUARD MEASURES BECOMES NECESSARY. IN SHORT, MR. CHAIRMAN, WE WOULD NOT ANTICIPATE THAT A CONDITION OF MARKET DISRUPTION AS DEFINED IN ANNEX A MUST BE PRESENT ON EVERY ITEM BEFORE SOVEREIGN GOVTS CAN SIT DOWN AND REACH AGREEMENT ON A CONFIDENTIAL

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MUTUALLY SATISFACTORY BASIS FOR THE FURTHER EXPANSION OF THE TRADE. IF THE INTERESTS OF THE GOVTS CONCERNED LEADS THEM TO THE VIEW THAT A BROADER RANGING UNDERSTANDING WOULD BE MUTUALLY BENEFICIAL, SUCH UNDERSTANDINGS MUST SURELY HAVE A PLACE IN THIS ARRANGEMENT. ART 4 PROVIDES THAT PLACE, AND ASSURES THAT ALL PARTICIPATING COUNTRIES WILL BE ADVISED OF SUCH UNDERSTANDINGS, AND THAT THE TEXTILES SURVEILLANCE BODY WILL PASS ON THEIR CONFORMITY WITH THE ARRANGEMENT. AND IT IS IN SUCH CIRCUMSTANCES

THAT IT IS APPROPRIATE TO MAKE PROVISITH FOR GREATER MARKET ACCESS THROUGH USE OF THE FLEXIBILITY WHICH I HAVE REFERRED A MOMENT AGO. END QUOTE NO OBJECTION OR COMMENT WAS RAISED TO US STATEMENT. ALL PARTIES UNDERSTOOD THAT ART 4 WAS THE PRINCIPAL US CONCERN IN NEGOTIATIONS AND THERE WAS GENERAL UNDERSTANDING OF ITS PROVISIONS FOR COMPREHENSIVE AGREEMENT. SELECTIVE CON-SULTATION AGREEMENTS SEPARATELY PROVIDED FOR UNDER ART 3 AFTER EXTENSIVE DISCUSSION AT INSISTENCE CANADIANS AND OTHER DELEGATIONS.

3. MEYNELL CONTINUALLY ARGUES THAT HE ALONE TURNS AROUND VARIOUS MEMBER STATES IN ORDER TO PREVENT CONFRONTATION BETWEEN COMMUNITY AND US. THIS IS NOT CONVINCING. TO CONTRARY, WE CONVINCED THAT MEYNELL DOES SO MUCH TURNING AROUND HE HAS LOST BEARINGS. MISSION MAY RECALL DURING FRANTIC FINAL DAYS DEC. NEGOTIATIONS MEYNELL'S MISDIRECTION CAUSED US TO BELIEVE CERTAIN PROBLEMS EXISTED WITH GERMANS WHEN IN FACT THEY WERE FRENCH IN ORIGIN. MEYNELL HAS CONSISTENTLY PLAYED MEMBER STATES AGAINST EACH OTHER AND US AGAINST THEM. IN RECENT WASHINGTON MEETING, LONG HIMSELF QUESTIONED MEYNELL'S ROLE AND RESPONSIBILITY FOR SOME OF DIVISIVE ISSUES HE KEEPS RAISING. LONG SEEMS FEEL MANY PROBLEMS WE HAVING WITH EC IN GENEVA TEXTILE AGREEMENTS ORIGINATE IN MEYNELL'S STYLE OF OPERATION. WE DO NOT KNOW WHAT MEYNELL TELLS HIS MEMBER STATES, BUT WE DO KNOW THAT THE COMMISSION THROUGH MEYNELL AND IN THE PRESENCE OF THE GENEVA REPS ACQUIESCED AND FULLY UNDERSTOOD ABOVE US STATEMENT. WE ALSO KNOW THIS ISSUE DISCUSSED IN PARIS SECRET NOV. MEETING BETWEEN US, JAPAN AND EC. AMB GREENWALD WILL RECALL CON-VERSATIONS I HAD WITH PANET, ERNST AND MEYER ON THIS ISSUE.

4. IN APPROACH TO SOAMES ON THIS POINT, WE SHOULD AVOID SEEKING ANY APPEARANCE OF DESIRE TO NEGOTIATE OR COMPROMISE AS A WAY OF AVOIDING CONFRONTATION AT NOV. OR ANY SUBSEQUENT TSB MEETING ON THIS SUBJECT. WE WILL PAY NOTHING TO AVOID AN OPEN CONFRONTATION ON THIS SINCE WE BELIEVE OUR POSITION FIRM AND UNEQUIVOCALLY CONFIDENTIAL

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ESTABLISHED BY THE RECORD AND KNOWN TO ALL PARTIES. COMMISSION'S OPINION WILL CREATE TREMENDOUS BACKLASH IN THE US REGARDING THEIR GOOD FAITH IN TRADE NEGOTIATIONS. NO ISSUE IS MORE CENTROL TO US TEXTILE POLICY THAN THIS INTERPRETATION OF ART 4 OF MFA NOR IS ANY ISSUE OF GREATER INTEREST TO TEXTILE INDUSTRY. WE AND INDUSTRY HAVE EVERY REASON BELIEVE US POSITION UNDERSTOOD AND ACCEPTED BY COMMISSION. COMMISSION RENEGING AT THIS STATE, FOR WHATEVER INTERNAL COMMISSION REASONS, WILL NOT BE ACCEPTED DOMESTICALLY. COMMISSION MUST BE MADE TO UNDERSTAND FULLY RAMIFICATIONS OF THE BREACH FAITH ON THEIR PART WHICH WILL APPEAR IF THEY PERSIST THIS CHALLENGE TO COMPREHENSIVE ART 4 AGREEMENT. COMMISSION SHOULD BE ADVISED AT SAME TIME, HOWEVER, THAT IF THEY PERSIST, WE WILL VIGOROUSLY OPPOSE THEIR POSITION AND WILL MAKE NO CONCESSIONS ON THIS MATTER. THIS ONE IS NOT NEGOTIABLE AND THEY MUST BE MADE TO UNDERSTAND THAT. WE ARE NOT INTERESTED IN SMOOTHING THE WAY

FOR MR. MEYNELL TO CLIMB OUT OF A BOX THAT HE APPARENTLY HAS
CREATED FOR HIMSELF.
SNEIDER

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